



State of Utah

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Department of Environmental Quality

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DIVISION OF AIR QUALITY
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Director

October 21, 2013

DAQC-1087-2013

Dear: Oil and Gas Sources

The state of Utah is currently experiencing a significant increase in construction and production from the oil and gas industry. The Utah Division of Air Quality (DAQ) is conducting a compliance evaluation of oil and gas sources located throughout the state to determine if the state air quality rules are being met.

The DAQ compliance evaluation will identify each oil and gas facility located on non-Indian Country throughout the state. These sources are responsible to comply with the state air quality rules found in the Utah Administrative Code (UAC). Sources located on Indian Country are responsible to comply with the federal air quality rules administered by the Environmental Protection Agency (EPA).

Preliminary information gathered by the DAQ indicates that only a portion of the sources on non-Indian Country have complied with the state air quality rules. The purposes of this letter are to provide information for a company to calculate emissions and determine if the state air quality rules apply and to provide instructions on how to comply with the applicable rules.

To calculate the VOC emissions for each source, a company may as a default, use the following emission factors with the source's throughput information. Site specific information or emissions may also be used.

- for oil producing sources: 2.2 pounds of Volatile Organic Compounds (VOC)/bbl produced
- for natural gas producing sources:
 - condensate tanks: 3,271 lbs VOC/year/BPD
 - dehydrators: 27,485 lbs/year/MMCFD
 - pneumatic devices: 0.2 tons VOC/year/well

If a source's VOC emissions are 5 tons per year or greater, the state air quality rules apply. More specifically, UAC R307-401-5(1) states in part, "...*any person subject to R307-401 shall submit a notice of intent to the director and receive an approval order prior to initiation of construction, modification or relocation*". Please note that these rules are not specific to VOC emissions. For example, a source may emit 5 tons per year or higher of other pollutants such as Nitrogen Oxides (NOx) from combustion sources that would also require a company to follow this rule. See the attached rule for specific information on applicability.

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The DAQ anticipates our compliance evaluation of sources in the oil and gas industry to be completed by January 31, 2014. Once this evaluation is complete, the DAQ will be able to identify each source that is not in compliance with the state air quality rules. Between now and January 31, 2014, the DAQ recommends that the emissions be calculated from each source and a notice of intent be submitted if the rules apply. A source that is determined to be out of compliance with these rules after the evaluation is completed will be required to come into compliance and may be subject to civil penalties of up to \$10,000 per day per violation, according to Section 19-2-115 of the Utah Code Annotated. The DAQ penalty policy takes into account a company's good faith effort to comply.

In addition to the state rules, there are new federal rules that may apply to each source. Title 40, Part 60 of the Code of Federal Regulations (CFR) contains a New Source Performance Standard (NSPS) Subpart OOOO titled Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution. These rules contain emission standards and compliance schedules for the control of VOC emissions and SO₂ emissions from affected facilities that commence construction, modification or reconstruction after August 23, 2011. These rules include equipment leak standards, monitoring, recordkeeping and reporting requirements for many pieces of equipment common to the oil and gas industry such as wells, compressors, pneumatic controllers, storage tanks and oil/gas processing plants.

In summary, there are state and federal rules that may apply to oil and gas sources in Utah. VOC emissions should be calculated from each oil and gas source located on non-Indian Country in the state of Utah. If the emissions from a source are 5 tons per year or greater, the state air quality permitting rules apply. If these rules apply, a notice of intent must be submitted and an approval order received from the DAQ to be in compliance with the rules and avoid potential civil penalties. As mentioned above, your cooperation and good faith effort to comply with the state air quality rules is taken into account if a source is determined to be out of compliance after the DAQ compliance evaluation is complete.

If you need assistance or have questions about emission calculations or notice of intent requirements, please contact Alan Humpherys at (801)536-4142, or ahumpherys@utah.gov. If you need help determining whether or not a source is located on Indian Country, please contact Tim DeJulis at (801)536-4012, or tdejulis@utah.gov. For any other questions about this letter, please contact Debbie Olson at (801)536-4055 or dolson@utah.gov.

Sincerely,

Jay Morris, Minor Source Compliance Manager
JPM:DO:bp

CC: State of Utah Local Health Departments

Attach: Utah Administrative Code R307-401- Permits: New & Modified Sources